



Iowa Retirement Investors' Club (RIC)
457/401a Plans
 Look *forward* to retirement!

City of Cedar Falls
Plan Summary

For more information about the 457 and 401a plan features and benefits, go to the RIC website at <https://das.iowa.gov/RIC>.

		457 Employee Contribution Plan	401(a) Plan
Eligibility requirements		Employed 20+ hours/week (year-round)	457 plan participation
Enrollment		Year-round – Call an RIC provider to request an enrollment kit or appointment. Follow provider instructions for processing applications and payroll deduction form.	
Contributions		Minimum pretax and/or post-tax Roth payroll deductions of \$25/month; annual maximum limits set by IRS annually. Deductions may be changed at any time. A 3-Year Catch-Up benefit is available to qualified participants who are 4 years from normal retirement.	None
Rollovers in		Accepts eligible 457 plan assets	Accepts eligible assets from 401(a), 401(k), 403(a), 403(b), and IRA (trad, rollover, SEP). Pretax 457 assets accepted at separation from employment
Fed & state tax	Pretax	Contributions and earnings are exempt until taxable distributions are made. ⇨	⇨
	Roth	Contributions are subject to federal and state income tax when deducted from payroll. Earnings are tax-free at distribution if qualified.	Not available
Vesting		Always 100% vested ⇨	⇨
Investment options		A large selection of diversified investment options is available through RIC. Investment selections may be changed at any time online or by phone. There are no fees for moving money between RIC investments. (go to https://das.iowa.gov/RIC/PSE/providers for more information)	
Distributions of assets while employed		Unforeseeable Emergency - Strict federal guidelines require proof of unforeseeable emergency due to a financial hardship	None
		Cash Out Provision - Allowed if total assets=\$5,000 or less and no deferrals have been made for a 2-year period	
		Service Credit Purchase - A nontaxable transfer of pretax assets for purchase of IPERS service credits	
		Age 70 ½ - Allowed (but not required) in the year you attain age 70 ½ ⇨	
Options at separation from employment		Remain invested - Assets remain invested without withdrawal restrictions or penalties. Distributions must begin at age 70 ½*	⇨
		Take payment - Total/partial lump sum, periodic or lifetime payments, or any combination. No early withdrawal penalty prior to age 59 ½. Pretax assets are taxed as ordinary income. Roth assets are tax-free for qualified distributions.	Take payment - Total/partial lump sum, periodic or lifetime payments, or any combination. Assets are taxed as ordinary income with the possible IRS 10% penalty before age 59½.
		Rollover - Eligible assets may roll into or out of RIC at any time.	
		Service Credit Purchase - Pretax assets may be transferred to IPERS for purchase of eligible service credits at any time after separation from employment	

*Age 70 ½ requirement- IRS required minimum distributions must begin no later than April of the calendar year following the year you attain age 70½ or retire, whichever is later.